

## **FINAL REPORT OUTLINE FOR SUB-GRANTEES**

### **A. Project Profile**

**Project name:** Community Engagement for Public Benefits Zoning in Oakland PDAs

**Lead and Partner Organizations:** East Bay Housing Organizations (lead), Alliance of Californians for Community Empowerment, Greenbelt Alliance, Public Advocates, East Bay Alliance for a Sustainable Economy, East Bay Asian Local Development Corporation

**Primary Contact Person:** Gloria Bruce, [gloria@ebho.org](mailto:gloria@ebho.org), 538 9<sup>th</sup> Street, Suite 200, Oakland, CA 94607

**Subgrant Program:** Equity

**Type:** Community Response Sub-Grant

**Total Grant Amount:** \$40,000

**Geographic Coverage of Project:** Oakland, and the Coliseum City, Broadway Valdez, West Oakland, and Lake Merritt PDAs

**Brief Description:** EBHO engaged community stakeholders and residents in defining a “Public Benefits Zoning” framework and building support for affordable housing and anti-displacement in PDA-related specific planning processes in Oakland. Community engagement will built on our existing specific plan advocacy, our Resident and Community Organizing Program, and our technical work on Land Value Recapture - framed as “Public Benefits Zoning” in Oakland, and more recently embodied in the Oakland Community Investment Alliance network.

**Images:** ColiseumCity picture. Jpg

**Attachments:** Housing Impact Fees in Oakland.pdf  
OCIA Policy Matrix Sept 2. Doc

Other relevant documents can be found in the deliverables submitted with grant invoices in July 2014, January 2015 and March 2015.

## B. Project Description

**1. Goals and Objectives** - This project responded to the huge and growing need for affordable housing and community benefits in Oakland, as the market is driving rapidly rising rents and threatening displacement for many lower- and moderate-income residents. Oakland has several PDAs and completed three specific plan processes in 2014, with a fourth to be adopted in April 2015, so the timing was ripe to get city-wide or PDA-linked policies to ensure affordable housing and anti-displacement policies. EBHO's goal was to win these policies through establishing a framework of Public Benefits Zoning. This PBZ concept is based on Land Value Recapture (LVR), which EBHO developed through a previous Prosperity Plan sub-grant. In short, when a city or county adopts a land use plan, up-zones property, or makes a local infrastructure investment, the value of that land increases. Under the LVR strategy, some of that financial gain resulting from this government action should be shared with the community, in the form of community benefits.

The campaign's goal was a set of Public Benefits Zoning policies – tailored to and shaped by Oakland residents in affected lower-income neighborhoods – which can be replicable models for achieving community benefits in TOD areas. Our objectives included education and outreach on the PBZ concept; engaging community members in public processes around specific plans and major development projects; and developing and advancing key citywide strategies linked to this concept, in particular a citywide development impact fee.

**2. Work Plan** - During the first year of this project, we undertook: resident and community engagement; research on the political and economic landscape; and the development of a policy framework. This proposal to the HUD Equity Initiative specifically focused on the community engagement piece. We engaged community members through our continued advocacy on at least three specific planning and also became heavily involved in a "Public land for the Public Good" campaign linked to the Coliseum Area Specific Plan. We solidified a campaign network called the Oakland Community Investment Alliance – together with ACCE, TransForm, EBASE, Public Advocates, Greenbelt Alliance and others, we informed and gathering input from community members through several community meetings. We also worked directly with lower-income residents of affordable housing on these concepts through the Oakland Sustainable Neighborhoods Initiative, the East Oakland Building Healthy Communities collaborative, and through training and workshops on Public Benefits Zoning with residents, including a Leadership Academy of residents in early 2015. Our efforts resulted in a focus on a citywide impact fee, public mobilization around the specific plans and nexus study, and plans to support other city-wide anti-displacement strategies.

**3. Role of Lead and Partners** - East Bay Housing Organizations played a lead role in organizing bi-weekly steering committee meetings and larger community meetings, as well as directly engaging and training our membership base and drawing on their expertise. ACCE also helped lead the steering committee and engaged their East Oakland members. EBALDC played an advisory and technical role through EBHO's Oakland Committee and recently in the Oakland Community Investment Alliance. Greenbelt Alliance continued to monitor development projects in the Broadway Valdez area and participate in policy discussions during OCIA meetings. Public Advocates, TransForm and EBASE also played central roles in research and strategy development as members of the OCIA steering committee.

### C. Challenges and Outcomes

4. **Challenges** - We faced challenges with capacity throughout this project; it was difficult to pull all of the members together and find the time to develop a cohesive policy plan with all of the other time-sensitive local campaigns happening. We also had staff transitions within the team – with the lead at a partner organization going on sabbatical and an executive director transition at EBHO – that made staffing challenging. For some time, we also struggled to find a clear way to translate the Public Benefits Zoning concepts, which was appealing to our members and partners, into an action plan and a network that complemented other city-wide coalitions rather than duplicating them. Also, organizing our base of low-income residents and keeping them engaged in a long-term plan was challenging.

However, we addressed these issues by establishing a regular steering committee meeting where we could keep tasks on track. Public Advocates played an important role in providing research and documentation that it was difficult for the organizing groups to manage. And through changes some of the staff representatives to the steering committee, we ensured greater coordination between the Oakland Community Investment Alliance and other efforts such as organizing around the Coliseum Area Specific Plan.

Finally, EBHO held repeated meetings and conversations with members that helped us focus on the impact fee as our primary Public Benefits Zoning campaign. Interim Executive Director Gloria Bruce, the lead staff on this project, worked more closely with EBHO's Policy Director and Resident Organizing team to ensure both continuity and depth of policy analysis but also consistent participation of resident leaders. The community meetings that EBHO co-led as part of the Oakland Community Investment Alliance improved throughout the grant period, and in the last few meetings reflected a robust and diverse group of residents and CBO staff members. We also learned a great deal about curriculum development. A briefing we held in October 2014 got strong reviews from developers and technical experts, but was considered obscure and disengaging for some affordable housing residents who attended. EBHO re-examined our practice with developing curriculum and preparing for meetings, and in subsequent months held meetings and trainings that got much better feedback from resident members.

If we did the project again, we would spend more time up-front determining policy priorities, establishing a regular and consistent steering committee earlier (including resident members), and ensuring that all EBHO staff were thoroughly engaged in the project. However, we have arrived at a strong position at the end of the grant period and are excited to continue the work.

5. **Outcomes** – We have developed a strong network, the Oakland Community Investment Alliance. We have ensured resident voice and participation in City processes, especially the nexus study/impact fee process and the Coliseum Area Specific Plan. Importantly, we have learned that a PDA-centered process is probably politically difficult to achieve, but that a citywide strategy focused on an impact fee or a city-wide Community Benefits Agreement policy can be just as effective in improving outcomes in the PDAs.

We ensured that the impact fee process was launched in late 2014, and mobilized a number of community members and partners to speak directly to councilmembers about the importance of affordable housing – so that the nexus study process to establish an impact fee was unanimously approved.

EBHO members have now been identified as key stakeholders in that process. We have informed and engaged our resident members on these issues, and several of them are now taking part in both campaign actions and technical discussions on policy, contributing to their community empowerment.

We have also won concrete improvements to the language in the West Oakland, Broadway Valdez, Lake Merritt and Coliseum Area Specific Plans that will serve as guidance and accountability mechanisms for future development in those areas (and we are already using those tools as we comment on several development projects). We also increased the capacity of the OCIA partners to understand Public Benefits Zoning and impact fees.

#### **D. Replicability and Dissemination**

**7. Replicability** – We believe the public benefits zoning concept can be applied in any jurisdiction regionally where a strong market or public investment is increasing land values. We have promoted this principle in our campaigns in Walnut Creek and Fremont in particular. We plan to extend our hybrid model of engaging members with professional land use experience and members who live in lower-income communities of color to be a collective voice for change. We are working to engage local experts and residents in Alameda, Walnut Creek and Fremont and are sharing our resident engagement curriculum with others around the region and with the statewide Residents United Network.

**8. Tools and Resources** – We have developed several communications and education tools to articulate the need for Public Benefits Zoning-related policies, and to educate on specific policies. For example, we developed a FAQ on impact fees that has been used by many of our members and partners (attached). We created a policy matrix that collects findings from community meetings about the most crucial policy needs and then helped us determine where to focus our work.

**9. Sharing and Dissemination** – We of course will continue to share all our tools with other members of the Oakland Community Investment Alliance network, through community meetings and presentations. Other partners such as TransForm are starting to do educational forums with their members based on our jointly developed materials. EBHO is also part of a national learning cohort on inclusionary housing issues and impact fees that has monthly conference calls convened by the Partnership for Working Families and Cornerstone Partnership. We regularly share our work and findings on those calls and in July will be making a formal presentation on the Oakland Community Investment Alliance's work. We'll also be presenting at the Housing California conference in April 2015. We are always happy to share our work with others and will include some of our key messages in our annual Affordable Housing

Guidebook, distributed across the East Bay and available for free on request. Our website and social media channels are also important distribution tools.

## **E. Recommendations and Next Steps**

### **9. Recommendations – Our top recommendations from the project are as follows:**

- a) In a constrained funding and political environment, development impact fees are an important and feasible new tool to fund affordable housing and meet other community needs. Oakland and other cities in accelerating markets should consider such fees but should ensure that community stakeholders are thoroughly engaged in the research and implementation process.
- b) A need exists for more research on the implementation and impacts of fees on development, so that advocates can be truly understand the uses of those fees, considerations around timeline and applicability, and be ready to address concerns about economic feasibility and impact on overall market-rate development.
- c) Residents of affected communities can and will be engaged around public benefits zoning concepts and will add value to “technical” discussions usually held by City staff, consultants and housing professionals rather than affected residents. However, it is important to be clear with community members about what public benefits zoning can achieve (such as funding for new housing development) and what is more difficult to fit into the framework (such as immediate improvements to tenant protections), and to link campaign planning with action.
- d) A combination of technical comment letters and community mobilization can be very powerful in getting the attention of policymakers and the media. EBHO saw success in having our issues covered in local media outlets and getting response from Councilmembers when we filed comment letters but also had our members present at public hearing and campaign actions. This model is one that we have honed in Oakland in recent years and are deploying in other areas such as Alameda and Fremont.

### **10. Next Steps**

EBHO, in tandem with our Oakland Community Investment Alliance, is focusing on research and community engagement to ensure a timely and equitable implementation of a development impact fee that will provide robust funding for affordable housing. We are in the process of securing funding to continue to our campaign work on this issue. We have been developing media contacts, identifying potential opposition, exploring research questions and advocating for a seat on the Nexus Study community stakeholder group. We are planning to engage OCIA as a multi-issue coalition presenting a united front in pushing for an impact fee.

We are also very engaged in the community organizing process for Coliseum City and will continue to promote the “public land for the public good” concept that has been developed through that process, tying it to citywide needs and institutionalizing a wide range of community benefits (affordable housing, environmental health, quality transit and quality jobs) in the plans for that development.



**ATTACHMENT A: FAQ on Impact Fees in Oakland**

## **Housing Impact Fees in Oakland — Frequently Asked Questions**

**October 9, 2014**



### **What is a housing impact fee?**

A housing impact fee is charged on market-rate housing development to build affordable workforce housing. The fee is based on the fact that new market-rate housing brings new residents who spend money on goods and services, generating new jobs. Many of these new jobs do not pay workers enough to afford available housing. Thus, creation of new market-rate housing in our community increases the need for affordable housing which needs to be mitigated. The fee is charged either on a per unit or per square foot basis.

### **Why do we need a housing impact fee in Oakland?**

While Oakland has historically been a leader in the production of affordable housing, in recent years production has been greatly reduced by the decline in affordable housing resources. With the loss of redevelopment funds, the amount available each year for new affordable housing projects has fallen from \$20 - \$25 million to roughly \$5 to \$7 million. A housing impact fee set at a meaningful level could restore a significant share of the affordable housing funding Oakland has lost in recent years. If a fee had been in effect during the last housing boom, we could have secured funding for 1,000 to 2,000 additional affordable homes. If Oakland fails to take this step, our already dire affordable housing crisis will get worse. Furthermore, not passing an impact fee will make it nearly impossible for Oakland to meet its Housing Element goals, especially after discovering through their nexus study that developing new luxury housing does in fact contribute to the affordable housing crisis.

### **Can an impact fee help the city leverage other resources to build affordable homes?**

Yes. Implementing a housing impact fee is a direct way to ensure new affordable homes will be built, as the fees collected will be used by the City of Oakland's Housing Department to create new affordable rental homes. By collecting these fees, and then lending them to affordable housing developers, the City enables developers to compete for the rest of the funding they need to build affordable rental homes – namely, federal Low Income Housing Tax Credits and the State of California's Multifamily Housing

Program, as well as new funding available from Cap-and-Trade auction revenues. Each dollar lent by the City to an affordable housing developer typically leverages three to four other dollars to create affordable rental homes – this ensures that the cost of building each affordable rental apartment is shared between local, state, and federal governments as well as banks who provide construction loans and long-term loans. Oakland is already missing out on fully utilizing these funds due to cuts in local funding, and we will continue to leave money on the table unless we enact a housing impact fee.

## **Do other cities have housing impact fees?**

Yes. Many Bay Area cities utilize housing impact fees to raise money for affordable housing. The cities of Mountain View, San Carlos, Fremont, San Francisco, Walnut Creek, Santa Rosa, Berkeley, and most recently Daly City and Emeryville all have adopted housing impact fees. For example, Fremont charges a rate of between \$17.55 and \$20.25 per square foot, while Santa Rosa charges a fee equal to \$19.53 per square foot. Emeryville charges \$20,000 per unit. In fact, Oakland itself already has an impact fee charged on new commercial developments – \$5.24 per square foot on office and warehouse/distribution facilities. However, few new office buildings have been developed in recent years, so the “jobs/housing fee” isn’t producing enough on its own.

## **Why a housing impact fee rather than other potential funding sources?**

A housing impact fee is the best chance Oakland has to restore funding for affordable housing. The City’s General Fund is already inadequate for basic services, and a parcel tax – or any other tax to generate local funds specifically for affordable housing – would require a ballot measure and 2/3 approval from voters. Despite strong support for affordable housing, this is a very high bar to reach, and few local taxes for specific uses can meet this threshold. Oakland has committed to dedicate a portion of its “boomerang funds” (the money the City gets back in property tax because redevelopment was eliminated), but this amounts to just a fraction of what was available under redevelopment.

Likewise, while we welcome the Legislature’s decision to put a small percentage of ongoing revenue from cap-and-trade toward affordable homes, these funds alone are not a panacea, and cannot be accessed without a local city contribution. Bills to reconstitute redevelopment were vetoed by the Governor, and SB 391, the California Homes and Jobs Act, which would create a permanent source of funding for the State of California’s affordable housing programs, also was defeated by powerful opposition from Realtors.

## **Will housing impact fees make market-rate apartments more expensive to rent?**

No. Landlords set rents and sales prices based on the market, not based on the cost of the developer to produce a new home. The cost of an impact fee can’t simply be passed along as an added cost in market-rate homes, because homes priced this way won’t be competitive with other homes. Rather, studies suggest this cost tends to be reflected in the price of land, and is absorbed by landowners.

## **Do housing impact fees discourage development?**

Not if they are designed well. City leaders from Mountain View – the most recent local city to pass a housing impact fee – report no decline in interest among rental housing developers to build since their rental impact fee was enacted. In Oakland, the nexus study will also include a financial feasibility

analysis, which will determine how much of a fee can be charged and still keep market rate housing feasible.

Furthermore, a 2008 analysis by the Furman Center for Real Estate at NYU, which looked specifically at inclusionary housing policies in the Bay Area, found that these programs had no impact on housing production or prices. A well designed and well run program can create affordable homes without discouraging development.

### **Is it fair to require developers to pay part of the cost of affordable housing?**

Yes. The feasibility study will be used to help set a reasonable fee that still includes a reasonable profit for developers. And if an impact fee is passed, the development community will not be the only group being asked to contribute. There are still several funding sources that contribute to affordable housing. As mentioned above, the state is devoting some cap-and-trade funds, and federal tax credits are one of the most important remaining sources of funds. But it is important to have local funding sources to be able to make projects more competitive to attract these outside sources of funds.

**Attachment B. Oakland Community Investment Areas Policies and Policy Matrix, September 3, 2014**

*Developer Contribution* = A direct payment or action required of the developer as part of a development agreement on a project (and could be required of all projects citywide, or all projects within Community Investment Areas). The developer is responsible for bearing the cost (for example, a housing impact fee) and in some cases, implementing the policy (for example, local hire). These contributions would most likely need to be institutionalized as City ordinances. Also known as a “community benefit.”

*Regulation* = Local legislation that does not involve direct payment or implementation by a developer, but might impose requirements on developers, landowners, or landlords, or provide incentives to enable a certain action or type of development.

*Program* = A City program that is administered by staff and has impact on development but is not an ordinance or community benefit per se.

INCREASING AFFORDABLE HOUSING				
Policy	Type	Priority	Status	Who's Working on It?
Housing Impact Fee	Developer Contribution	High	In progress	EBHO, TransForm
On-site affordable housing development	Developer Contribution			
Land dedication	Developer Contribution			
Increased commercial linkage fee	Developer Contribution	Medium?		
Requirements linked to sale of public land	Developer Contribution	High	Several projects in the works	
Density Bonuses & other land use/parking incentives	Regulation	Medium	Exists in some specific plans; potential to strengthen; difficult with current upzoning	TransForm, Greenbelt??
Designated priority sites for affordable housing	Program	Medium	Some efforts to do this through Intl Blvd OSNI process; what about housing element?	EBALDC, EBHO, SAHA, City
ANTI-DISPLACEMENT				
Policy	Type	Priority	Status	Leads

One-to-one replacement	Developer contribution			EBHO
Stronger and harmonized relocation benefits	Developer contribution??			ACCE CJC?
Tenant Protections (anti-harassment, etc.)	Regulation			CJC?
Strengthened Condo conversion ordinance	Regulation	High	In progress	EBHO
Programs to support acquisition and rehabilitation	Program		In progress – community buying program	City HCD, Hello Housing
Pro-active code enforcement	Regulation	High	In discussion	ACEE, CJC, City, Alameda Healthy Homes Dept
Strengthened Rent Stabilization	Regulation (and enforcement)	Medium??		

#### QUALITY JOBS

Policy	Type	Priority	Status	Leads
Local/targeted hire	Regulation/Developer Contribution?			Revive Oakland
Family-supporting wages and benefits	Regulation	High	In process	Lift Up Oakland, ACCE Revive Oakland
Career pathways (training, etc.)	Regulation or Program			OCO
Banning the Box	Regulation			Revive Oakland

#### QUALITY TRANSIT

Policy	Type	Priority	Status	Leads
Transportation Impact Fee	Developer Contribution	High	In progress through nexus study	TransForm
Complete Streets	Policies; plan language			TransForm
Better hours and frequency for bus service	Program? Could also be developer contribution		One of the few policies that does not fall under City of Oakland jurisdiction	ACCE, TransForm

Discounted bus passes	Developer contribution?			ACCE, TransForm
Reduced parking requirements	Regulation			TransForm
Unbundling parking	Regulation			TransForm
Pedestrian Infrastructure	Developer contribution or...??			TransForm
<b>COMMUNITY HEALTH (need more policies here)</b>				
Policy	Type	Priority	Status	Leads
Capital improvements impact fee?	Developer Contribution	?	In progress through nexus study	?
Provision of open space with new development	Regulation/developer contribution		Already requirements but need more?	
Use of Healthy Development Guideline Tool	Regulation?	High	In process	EOBHC (CBE, EBHO, ACPHD, ChangeLab, others)